

**MINUTES  
of the  
FIFTH MEETING  
of the  
NEW MEXICO FINANCE AUTHORITY OVERSIGHT COMMITTEE**

**November 25-26, 2013  
State Capitol, Room 307  
Santa Fe**

**D** The fifth meeting of the New Mexico Finance Authority (NMFA) Oversight Committee was called to order by Representative Patricia A. Lundstrom, chair, on Monday, November 25, 2013, at 9:23 a.m. in Room 307 of the State Capitol in Santa Fe.

**Present**

Rep. Patricia A. Lundstrom, Chair  
Sen. Joseph Cervantes, Vice Chair  
Rep. Alonzo Baldonado  
Rep. Ernest H. Chavez  
Sen. Lee S. Cotter  
Rep. Roberto "Bobby" J. Gonzales (11/26)  
Sen. Ron Griggs  
Rep. Jimmie C. Hall  
Rep. Yvette Herrell  
Sen. Michael Padilla  
Rep. Jane E. Powdrell-Culbert  
Rep. Debbie A. Rodella  
Rep. James P. White

**Absent**

Rep. Candy Spence Ezzell  
Sen. Phil A. Griego  
Rep. Dona G. Irwin  
Sen. John C. Ryan  
Rep. Henry Kiki Saavedra  
Sen. William P. Soules

**Advisory Members**

Sen. Jacob R. Candelaria  
Rep. Sharon Clahchischilliage  
Rep. Kelly K. Fajardo  
Rep. Mary Helen Garcia  
Sen. Timothy M. Keller (11/25)  
Rep. W. Ken Martinez (11/26)  
Sen. Bill B. O'Neill (11/25)  
Sen. Mary Kay Papen (11/25)  
Sen. John Pinto (11/26)  
Sen. Nancy Rodriguez  
Rep. Edward C. Sandoval  
Rep. Sheryl Williams Stapleton

Sen. Sue Wilson Beffort  
Rep. Anna M. Crook  
Rep. Brian F. Egolf, Jr.  
Sen. Stuart Ingle  
Rep. Emily Kane  
Sen. George K. Munoz  
Sen. William H. Payne  
Sen. Clemente Sanchez  
Rep. James R.J. Strickler  
Rep. Thomas C. Taylor  
Rep. Monica Youngblood

(Attendance dates are noted for members not present for the entire meeting.)

**Staff**

Lisa Sullivan, Staff Attorney, Legislative Council Service (LCS)

Tessa Ryan, Staff Attorney, LCS

Alexandria Tapia, Research Assistant, LCS

**Guests**

The guest list is in the meeting file.

**Handouts**

Handouts and other written testimony are in the meeting file.

**Monday, November 25****Board Report**

Nann Winter, chair of the NMFA board, and John Gasparich, acting chief executive officer (CEO), NMFA, updated the committee on the status of the NMFA board and the open CEO position at the NMFA.

Ms. Winter announced that the board has made an offer to enter into a three-year employment contract to Robert P. Coalter, presently the executive director of the Texas Public Finance Authority; it is presumed that he will assume the role of CEO in January. Ms. Winter encapsulated the board's process for selecting Mr. Coalter, described the salary and benefits package offered to him and its relativity to those of comparable professionals and commented on his background and qualifications. Referring to Mr. Coalter's résumé, which was distributed to committee members, she noted that the board was impressed by Mr. Coalter's ability to mentor employees, managerial skills and understanding of the types of programs that the NMFA administers as well as charter school financing.

Referring to a handout, Ms. Winter highlighted notable events and actions affecting the NMFA since the fraudulent audit. She emphasized that the board met frequently during that period. Also in that time, the NMFA not only recovered from the incident, but also exceeded its previous bond-issuance performance. The 2013 audit already has been submitted, ahead of schedule, to the state auditor.

Ms. Winter confirmed that she will resign from the board, effective December 2013. She expressed gratitude for Mr. Gasparich's interim leadership and noted that Mr. Gasparich has agreed to mentor Mr. Coalter during the upcoming legislative session. Members of the committee thanked and praised Mr. Gasparich for his work.

When asked by a committee member for her ideas to improve the working relationship between the board and the legislature, Ms. Winter responded with praise for the committee's work, specifically for having had an audit conducted after the committee learned of the fraudulent audit. She also recommended that there be a legislative liaison from the NMFA to

interact regularly with the committee. She then commended the work of the board, which she characterized as having reacted responsibly to the fraudulent audit situation.

### **Water Trust Board Report and Proposed Legislation**

Jana Amacher, director of water resources, NMFA, and Richard Rose, director of water resources for the Water Resources Allocation Program of the Office of the State Engineer, addressed the committee. Committee members received handouts on: 1) the Water Trust Board (WTB) application and funding process; 2) details of 2013 application funding recommendations; 3) sample past legislation authorizing project funding; and 4) 2014 recommendations for legislative authorization of projects funded by the Water Project Fund and the Acequia Project Fund.

Related to the WTB application and funding process, Mr. Rose outlined problems under the pre-reform model and described recently implemented improvements. The process is now structured so that there is more time for applicants to complete, and for agencies to review, applications and for the NMFA to work with communities to identify and address problems. Under the current application process, applicants must submit a preliminary engineering report, project cost estimates and other sources of funding.

Committee members expressed concerns about: 1) the disproportionate burden on small communities inherent in some application requirements, such as the production of an engineering report; 2) the need for illuminating whether a project receives funding from other sources; 3) problems in coordination between the executive and legislative branches and other funding and approval sources — and the resulting delay that some small communities suffer; and 4) possible overstepping of powers, underscored by the recent attorney general opinion in the matter of Executive Order (E.O.) 2013-006. Mr. Rose said that application requirements have not deterred smaller communities from applying for and benefiting from the program. Ms. Amacher added that many communities can access money from the NMFA's Local Government Planning Fund (LGPF) or the United States Department of Agriculture to cover the cost of the project planning phase. Mr. Rose also indicated that final applications are submitted in March after the legislative session, which gives the WTB the benefit of knowing whether a particular project received funding through a legislative appropriation. He acknowledged that coordination between involved entities has been a long-standing issue and mentioned that other states have a funding board that oversees all of the money for all projects. He remarked that efforts to improve coordination are under way. A committee member requested that the spreadsheet on 2014 funding projects include a column listing other sources of funding.

On the matter of 2013 funding recommendations, Mr. Rose said that applicants are scored and ranked within each category and then funded until resources are exhausted. He clarified that the "tentative status" column of the corresponding handout reveals information on whether projects are compliant with E.O. 2013-006. Committee members asked, and Mr. Rose and Ms. Amacher answered, questions about specific listed projects.

In response to a committee member's question, Mr. Gasparich explained that the proposed legislation includes an emergency clause because an early effective date is necessary for the projects to be funded through the June bond sale.

A motion to endorse a bill authorizing the NMFA to make loans or grants from the Water Project Fund and the Acequia Project Fund was made and seconded and then endorsed with no opposition.

### **Transportation Bonds**

Tom Church, secretary-designate, Department of Transportation (DOT), and Marcus Trujillo, State Transportation Commission bond manager, gave the committee an update on DOT bond financing. Secretary-Designate Church noted that the DOT has taken steps to reduce overall debt costs. He reviewed annual debt service by revenue source over a 30-year range and remarked on the future of the DOT bond program. He also reviewed a handout containing details of deferred, active and completed New Mexico bonding investment projects.

### **Use of Public Highway Rights of Way by Certain Public Utilities — Potential Legislation**

Representative Lundstrom and former Governor Toney Anaya, who was in the audience representing the proposed New Mexico Express, a project to develop buried electricity transmission lines across the state, provided some background on the current version of draft legislation that would require the DOT to impose fees for utility companies to use public highway rights of way for deposit in the State Road Fund. Ms. Sullivan added that some changes in the draft were made to modernize existing statutory language. Other changes were made to codify certain non-statutory DOT practices. The committee discussed aspects of the draft and expressed concerns about its potential implications, including that utility companies currently using the rights of way might be unfairly subjected to the fee imposition. Moreover, the impetus behind the legislative measure, that the New Mexico Express willingly pay the state a fee for rights-of-way use, excluded other utilities from incursion of the fees, according to a committee member. Committee members suggested that an amendment to the bill that would exempt existing utilities from the fee payment could be proposed to a standing committee.

A motion to endorse the proposed legislation was made and seconded. With one member opposing, the motion passed.

### **Approval of Minutes**

Upon a motion made and seconded, the minutes of the October-November meeting were approved. A motion to make a correction to all past minutes — to include Representative Herrell as a voting member — was made, seconded and passed with no opposition.

### **Task Force to Study Telecommunications Infrastructure — Potential Legislation**

Representative Rodella briefly summarized a memorial requesting that a task force be formed to study improving the state's telecommunications infrastructure. Committee members commented that the Jobs Council, the Science, Technology and Telecommunications Committee

and the Department of Information Technology (DoIT) are also looking at the issue. A member remarked that the DoIT should be consulted in the study.

A motion to endorse the proposed legislation was made and seconded. With no opposition, the motion passed.

### **Factoring Local Revenue in the Calculation of the State Equalization Guarantee Distributions**

Representatives Lundstrom and Stapleton presented a draft bill that would add locally generated revenue spent on education to the factors used in the state equalization guarantee (SEG) funding calculation. Sharon Ball, senior researcher, LCS, added information on related context and on the bill's technical aspects. Representatives Lundstrom and Stapleton explained their concern about a local gross receipts tax for spaceport development distributed in part to spaceport region school districts for science, technology, engineering and mathematics (STEM) education, without going into the SEG formula. Representative Lundstrom reported that she had not yet received a reply from Secretary-Designate of Public Education Hanna Skandera to her concerns about preventing contravention of the SEG, copies of which were distributed to the committee.

Committee members discussed the bill and the implications of its passage or non-passage. Members raised concerns, which included that: 1) without the law, school districts outside of the taxed area might sue the state to enforce the SEG; 2) without the law, other local governments could use portions of their gross receipts tax revenue for school operations, thereby further diluting the SEG; 3) the draft bill might not make explicit that *any* transfer to a school district would be factored into the SEG calculation, as opposed to a transfer made because the tax's enabling legislation articulates the educational purpose of the revenue; 4) the spaceport tax would not have won its narrow-margin voter approval without the widespread understanding that a portion of the tax's revenues were to be dedicated to education in spaceport region school districts; and 5) the recipient school districts, which are poor, benefit greatly from the supplemental revenue generated by the spaceport tax.

A motion to endorse the proposed legislation was made and seconded. With two members in opposition, the motion passed.

### **NMFA Board Attendance Requirements — Proposed Legislation**

Senator Keller presented a draft bill that would change certain requirements affecting the NMFA board and explained aspects of the bill and its evolution. Last year, the committee endorsed a bill that would have enacted sweeping NMFA reforms recommended following an investigation conducted in response to the fraudulent audit discovery. The bill passed the legislature by a wide margin but was vetoed. This year's bill draft removes what was understood to be objectionable about the previous bill: the partial removal of executive-branch control over appointments to the board.

Committee members discussed, and Senator Keller and Ms. Sullivan clarified, aspects of the revised bill. A member suggested that to enforce the attendance requirement, letters could be mailed to a board member upon that member's first and second absences and a letter could be mailed to the leaders of the House of Representatives and the Senate upon that member's third absence.

A motion to endorse the bill was made and seconded. With three members in opposition, the motion passed.

### **New Mexico Disadvantaged Community Assistance — Proposed Legislation**

Senator Candelaria presented three versions of draft legislation that would provide funding to certain disadvantaged communities for infrastructure development. The committee received a handout outlining the key provisions of each version. Senator Candelaria explained the context of those proposals — that many colonia-type communities do not fit the definition of "colonia" for the purpose of receiving funding from colonias infrastructure funds and therefore lack opportunity for development. Committee members weighed the merits of the three proposals. Rick Martinez, director of business development, NMFA, who was in the audience, provided some related information for clarification.

During the subsequent presentation on the Public Project Revolving Fund (PPRF), a motion was made and seconded to revise Senator Candelaria's second bill proposal as follows and endorse the revised bill: transfer \$1 million of the unencumbered balance in the LGPF (which Marquita D. Russel, chief of programs, NMFA, said is approximately \$1.6 million) to the proposed New Mexico Disadvantaged Community Assistance Project Fund. With no opposition, the motion passed.

### **Appropriation for LGPF — Potential Legislation**

Mr. Gasparich presented a bill that would appropriate \$2 million from the PPRF to the LGPF. A motion to endorse the bill was made and seconded. With no opposition, the motion passed.

### **NMFA PPRF**

Mr. Gasparich presented a bill that would authorize the NMFA to make loans from the PPRF to named entities. Committee members recommended that on page 15, line 12 of the bill draft, "and Valencia County" be inserted after "county" and that on page 17, lines 22 through 25 be struck. A motion to endorse the revised bill was made and seconded. With no opposition, the motion passed.

### **Recent PPRF Recipients**

Zach Dillenback, chief lending officer, NMFA, and Ms. Russel gave a presentation on the PPRF and its recent recipients. They referred to a related handout distributed to the committee. Mr. Dillenback explained that the PPRF helps governmental entities, including some that qualify as disadvantaged, by offering them loans at highly competitive rates. Money in the fund comes

from loan repayments, a share of all governmental gross receipts tax revenue and bond sales. Some of those bonds are tax-exempt, some are tax-subsidized and others are taxable. The PPRF's high credit rating makes its bonds attractive to investors and keeps loan interest rates low. Funding for a project that costs more than \$1 million requires prior legislative authorization. Mr. Dillenback gave an overview of the number and value of loans made since the PPRF's inception and of recent PPRF activity with respect to regular and disadvantaged entities. He attributed the decline in disadvantaged funding that occurred between fiscal year (FY) 2010 and FY 2011 to a competitive interest rate environment.

### **D LGPF Funding Parameters**

Mr. Dillenback and Ms. Russel gave a presentation on the LGPF that was accompanied by a handout on the topic. The presenters highlighted: 1) the origin of the LGPF; 2) changes that the legislature has made to the LGPF since its inception; 3) the types of planning documents that are eligible for payment from the fund; 4) data on the projects funded to date; and 5) profiles of some successful projects.

Ms. Russel responded to committee members' comments and questions. She said that the NMFA requests updates from recipient entities on money use. To reduce the number of projects that have been planned but not completed due to lack of capacity, the NMFA recently hired a staff person to help entities and monitor projects. Also related to projects that are partially funded but that do not materialize, the WTB now requires planning documents prior to project funding. These measures should lead to more funding success, but some smaller communities nevertheless sometimes struggle to bring projects to fruition because those communities lack the resources necessary for implementation.

In response to committee members' concerns about the propriety of money from the LGPF having been spent recently on a water plan for the Office of the State Engineer, Ms. Russel indicated that state agencies have always been eligible to receive money from the fund.

### **Economic Development Revolving Fund (EDRF) Update**

John Brooks, director of commercial lending, NMFA, and Ms. Russel addressed the committee on the topic of the EDRF. Mr. Brooks provided background on the fund's legislative origin and noted recent legislative actions that have affected it. He explained that the fund fuels two loan participation programs, the Smart Money Loan Participation Program and Collateral Support Participation Program, and offered reasons that the loan participation arrangement is useful. First, it helps to fill financing gaps. It also involves banks that independently analyze the repayment potential of clients, and, therefore, it helps to insulate against the risk of financing. Moreover, businesses enjoy lower interest rates without having to complete additional paperwork or pay extra fees, and banks earn fees for their services. Mr. Brooks discussed the EDRF's two sub-accounts and gave an overview of each program's status.

Committee members asked for, and the presenters provided, details of particular projects listed in the handout. A member requested that in the future, the presenters report on the portion of each program's portfolio in non-accrual.

### **NMFA Audit Update**

Donna Trujillo, chief financial officer, NMFA, and Mr. Gasparich gave the committee an audit update, which included reference to a handout entitled "Findings Status Matrix". The committee also received a handout dated June 30, 2013 entitled "Management's Discussion and Analysis". Mr. Gasparich noted that: 1) the stated need for a certified public accountant to serve on the board has been satisfied; 2) the audit committee attended the exit and entrance conferences for 2011, 2012 and 2013; 3) the NMFA is up to date on its audits; 4) the NMFA has addressed staffing issues by focusing on staff training; 5) the NMFA is in the process of implementing a new loan tracking and servicing system and of preparing a request for proposals for a contracted internal auditor; 6) many items in areas required by the state auditor have been completed; and 7) several loan servicing-related items are in their initial phase of completion.

In response to committee members' questions, Mr. Gasparich commented on aspects of the post-fraudulent-audit situation. Clifton Gunderson LLP, the accounting firm that was paid \$67,000 to conduct the audit that was ultimately falsified, repaid the NMFA as part of a negotiated settlement agreement.

### **Telecommunications Infrastructure as a Capital Planning Consideration**

Representative Lundstrom prefaced Mr. Gasparich's presentation on telecommunications infrastructure by saying that the need for strategic planning of statewide telecommunications infrastructure development was recognized at the previous meeting and has been addressed by other committees. Discussion at that meeting centered on the possibility of charging the NMFA with the task of providing technical assistance to borrowers developing such infrastructure. She stressed that telecommunications infrastructure, which promotes economic development, should not be an afterthought in capital project development.

Mr. Gasparich maintained that the NMFA, a lender, would face a conflict of interest if it participated in the design of a project it funded. Mr. Gasparich proposed that NMFA staff offer some technical assistance on projects, but he resisted the idea of the NMFA being held responsible for ensuring the adequacy of a telecommunications infrastructure project.

In response to a question from a committee member, Ms. Russel clarified that a feasibility study is a required part of the loan application for infrastructure projects, including broadband infrastructure projects. Mr. Gasparich was agreeable to the committee's recommendation that a question on whether telecommunications infrastructure planning has been conducted be included, and therefore routinely asked, in the loan application form.

### **Recess**

With no further business for the day, the meeting recessed at 4:06 p.m.



**Tuesday, November 26**

Representative Lundstrom reconvened the meeting at 8:40 a.m.

**Spaceport Authority (SA) Budget and Economic Development Plan**

Christine Anderson, director, SA, gave a presentation on the SA's budget and economic development plan using a handout on the topics and an economic development plan report. She was accompanied by the following board members: Rick Holdridge, chair; David Buchholtz, member; Paul Deason, member; and Jerry Stagner, member. Bruce Jackson, vice president for trade controls and export strategy, Virgin Galactic (VG), and Mark Butler, senior program manager, VG, were also present to provide testimony.

**SA Budget**

Ms. Anderson discussed the SA's budget. The SA, which hosts two commercial space companies, VG and Space X, has the goal of becoming self-supporting in approximately two years. Ms. Anderson explained some assumptions on which the FY 2014 and FY 2015 operating budgets were based and the measures that the SA has taken to mitigate the effects of delays. Ms. Anderson noted that the proposed FY 2015 operational budget, which reflects a conversion of contract positions to nine new full-time positions, reflects no appropriation increase from FY 2014; expenses in excess of that amount would be paid from the SA's revenue. Further, the conversion would save the state money in the next fiscal year and over time. If the nine positions are not approved, then the total budget request will increase by \$1.3 million.

Committee members posed comments and questions and received responses as follows.

- Has the Legislative Finance Committee (LFC) voted on the SA budget? Jon Clark, analyst, LFC, said that it has not. When the LFC reviewed the proposed budget, it did not express concern about the addition of full-time employees.
- Two major projected revenue sources in the proposed budget are tourism and special events, but that revenue generation is not assured. The conversion of contracts to full-time employees, which represents a new commitment by the state, is based on a precarious revenue projection. Ms. Anderson replied that because there is no history to provide information on the likely generation of revenue from these sources, and because the SA works in an emerging industry, the projections are based on the best information available from tenants. Mr. Butler interjected that safety considerations have resulted in flight delays, which VG has timely communicated to the SA. He said that VG plans to start flights from the spaceport in August 2014 and then continue the flights. Mr. Stagner added that VG, the premier space company, has pre-sold approximately 700 tickets and will continue to sell more.
- Spaceport-taxpaying counties are subsidizing SA operations when tax revenues exceed the amounts necessary to service bond obligations, but county taxpayers should not have to pay for operations, which are arguably a state responsibility.

Perhaps that excess revenue should be dedicated to constructing the southern road, which the spaceport taxpayers commonly understood would be part of their investment. Mr. Buchholtz indicated that the board may decide how to spend the 75% of gross receipts tax revenue that exceeds bond payment obligations. If the excess revenue were used to pay for the road, then the SA would require money from another source to pay for part of its operations.

- The southern road is a critical aspect of the spaceport that should be constructed to last, even if that construction requires more than the minimum investment. Ms. Anderson agreed that the road is important but said that cost considerations and the federal Bureau of Land Management (BLM), which dictates aspects of the approach, discourage opting for a more expensive, higher-quality road. Mr. Holdridge characterized the road issue as a dilemma because the road is not mentioned in the Spaceport Development Act. He was grateful that the committee appreciated the need for a durable road.
- More should be done — including continuing discussions with the BLM on the issue and involving the governor and the congressional delegation in the issue — to ensure that the road is well-built.

Upon a motion made and seconded, and with one member in opposition, the committee approved the proposed SA budget subject to a change from nine to five additional full-time-employee positions, with an operational budget figure adjusted accordingly.

#### SA Economic Development

Ms. Anderson commented on the space industry and the SA in relation to the rest of the industry. She referred to the economic development plan report to highlight the SA's goals and economic development mission, which includes four steps each for the aerospace support services and infrastructure group and the tourism and hospitality support services and infrastructure group. Ms. Anderson noted that in the areas of job and work force development, the SA has already worked with councils of governments, New Mexico Institute of Mining and Technology, the Tourism Department and other entities.

Committee members posed comments and questions, to which SA representatives responded, as follows.

- What were the results of the most recent audit? Ms. Anderson said that it revealed no material findings.
- What is the SA's strategy for handling delays in VG commercial activity? Ms. Anderson responded that the SA has focused on priorities and redirected resources. To increase revenue, SA representatives have engaged in discussions to attract additional vendors.

- The economic development plan, designed with the help of Lautman Economic Architecture, is based on a model that was employed for use by the interim Jobs Council (council). The council has identified the spaceport and the tourism associated with it as drivers of some of the job creation that the council determined will be needed to return the state to pre-recession employment levels within 10 years, and it has considered the spaceport's economic sector and geographic location in its work.

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- The space industry is competitive. Have SA representatives been actively monitoring the competition? Because of that competition, the spaceport investment should be handled with a proactive, not reactive, approach. Ms. Anderson responded that in relation to other spaceports, New Mexico's boasts custom-designed infrastructure. She added that the SA is an executive member of the Commercial Spaceflight Federation, through which SA representatives can network with prospective clients. Because those companies are focused on the bottom line, SA has been intent on reducing its overhead to improve competitiveness.
  - The SA should work with New Mexico's national laboratories to take advantage of the technology transfer program. Ms. Anderson said that for now, the SA does business with commercial developers, but there is potential for satisfying some federal government needs in the future.
  - What are the SA's top three initiatives that the state or federal government could support? Ms. Anderson replied that the SA's highest priority is constructing the southern road. Much of the initial work for its construction has been completed. The SA will meet soon with representatives from Sierra and Dona Ana counties to discuss road construction. A member commented that construction companies are leaving the state because there is not enough work.
  - What led to the arrangement whereby school districts in Sierra and Dona Ana counties receive a portion of the spaceport tax for education? Is that money used for STEM education? Ms. Anderson said that the SA was not involved in formative discussions on the matter, but to her understanding, there are memoranda of understanding between the counties and school districts providing that the 25% portion of revenues from the spaceport tax that the counties receive are redirected to those school districts. The SA wishes to collaborate more with school districts to encourage STEM-focused education, but those efforts are unrelated to the issue of use of the spaceport tax. Mr. Deason testified that he understood that the county revenue, at least in part, is used for STEM education.
  - Work force development is an integral piece of the economic development plan. A comprehensive study recently revealed that in parts of the world that produce a high

proportion of workers capable of meeting the current and future technology-related demands, physics is introduced early into the educational curriculum. Exposing young learners to physics education could improve the supply of qualified workers.

- How committed is VG to using New Mexico's spaceport? Mr. Butler responded that VG: 1) has signed a 20-year lease and hopes to renew that lease; 2) is in the process of increasing operations at the spaceport; 3) has given millions of dollars to New Mexico companies to develop facilities; and 4) might use other locations but will continue flights from New Mexico. Mr. Jackson added that VG wants to be successful in New Mexico.
- Since all New Mexico taxpayers have invested in the spaceport, it is important that VG remain there and that new tenants come in. Are there clawback provisions in the 20-year lease? Mr. Butler responded that there are provisions imposing a penalty for breaching the lease. Ms. Anderson said that VG will be required to pay \$3 million per year beginning in the fifth year of the lease.
- What bonds were issued for spaceport development? Can they be prepaid? Mr. Buchholtz said that two series of gross receipts tax bonds were issued — one in 2009 and the other in 2010 — to the NMFA and paid with money from the PPRF. He added that it would be possible to negotiate with the NMFA to modify the bond terms, but those discussions would be premature before the spaceport begins generating more revenue.
- The next time the SA reports to the committee, the SA should provide details of its business plan.

Mr. Holdridge closed by thanking the committee for inviting board members and for its support for the spaceport endeavor, which he said will create opportunities for New Mexico's children.

The committee requested that LCS staff compose a letter to Sierra and Dona Ana county managers to request a report of the use of their portion of spaceport tax proceeds.

### **Telecommunications Infrastructure as a Capital Need**

Representative Lundstrom restated the importance of state-funded agencies' anticipating their future telecommunications/information technology (IT) infrastructure needs in order to avoid unnecessary future expenditures and retrofitting. Ms. Anderson indicated that IT infrastructure is central to the spaceport's operation and was integrated into the spaceport during construction. She added that existing infrastructure should continue to satisfy the spaceport's IT needs for approximately five to 10 years.

Jeremy Turner, executive director, New Mexico Renewable Energy Transmission Authority (RETA), provided a handout for the committee and discussed IT infrastructure in relation to RETA. He said that a relatively small amount of money has been spent on IT needs because RETA is a relatively small entity. Although RETA is trying to decrease its expenditures over the next several years, IT development is part of RETA's long-term plan.

### **Legislation**

Representative Lundstrom informed the committee that, on behalf of the committee, she would send a letter to the governor requesting that the governor issue messages for all committee-endorsed legislation likely to require a message for introduction.

### **Adjournment**

There being no further business before the committee, the fifth meeting of the NMFA Oversight Committee for the 2013 interim adjourned at 11:18 a.m.

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